

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 3113 – SB 3102**

February 25, 2010

**SUMMARY OF BILL:** Requires the Department of Financial Institutions to impose a fee of \$2,500 on any person or entity engaged in payday lending. Such fee is to be assessed at every business location where such person or entity conducts business as a payday lender. Creates a special financial literacy trust fund in the general fund earmarked for the purpose of generating revenue to be used to promote the teaching of all citizens in this state the basics of financial education.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$3,235,000/One-Time/FY10-11  
\$367,500/Recurring/FY11-12 and Subsequent Years**

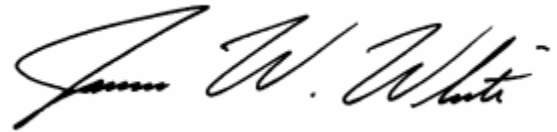
**Assumptions:**

- Because the language of the bill does not specify whether the \$2,500 fee will be one-time or paid on a renewal basis, it is assumed that the fee is not a recurring annual fee or a fee assessed on each payday lending transaction.
- According to the Department of Financial Institutions, the \$2,500 fee will be assessed only once on the number of deferred presentment locations (1,294) currently existing in Tennessee.
- The total one-time revenue collected from the assessment of this fee is estimated to be \$3,235,000 (\$2,500 x 1,294 locations).
- The department will issue an average of 147 new deferred presentment licenses per year (based on the average number of new licenses issued in FY07-08 and FY08-09) and assess the \$2,500 fee on each new license issued. The total recurring revenue from the assessment of this fee in the second and subsequent years is estimated to be \$367,500.
- The definition of “payday lender” does not encompass additional entities outside of current deferred presentment providers already licensed and regulated by the department.
- The bill does not create a new class of lenders subject to the department’s licensing and regulation.

- The department is not charged with the implementation of the financial literacy programs referenced in the bill.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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